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MEMORANDUM

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AZ CORP COMMISSION
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TO: Docket Control

FROM: Thomas M. Broderick
Director
Utilities Division

for a. broderick

DATE: August 4, 2015

RE: STAFF REPORT: IN THE MATTER OF THE APPLICATION OF MIDVALE
TELEPHONE COMPANY, INC. FOR APPROVAL OF AN EXTENSION OF
THEIR CERTIFICATE OF CONVENIENCE AND NECESSITY TO SERVE
AN ADDITIONAL AREA IN YAVAPAI COUNTY. (DOCKET NO. T-20741A-
15-0136)

Attached is the Staff Report for Midvale Telephone Company, Inc.'s Application to extend its Certificate of Convenience and Necessity to provide facilities-based local exchange telecommunications and toll access services. Staff recommends that the Application be approved.

TMB:LLM:nr\MAS

Originator: Lori Morrison

Arizona Corporation Commission
DOCKETED

AUG 04 2015

DOCKETED BY

[Signature]

ORIGINAL

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Docket No. T-20741A-15-0136

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**STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION**

**MIDVALE TELEPHONE COMPANY, INC.
DOCKET NO. T-20741A-15-0136**

**IN THE MATTER OF THE APPLICATION OF MIDVALE TELEPHONE COMPANY,
INC. FOR APPROVAL OF AN EXTENSION OF THEIR CERTIFICATE OF
CONVENIENCE AND NECESSITY TO SERVE AN ADDITIONAL AREA IN
YAVAPAI COUNTY**

AUGUST 4, 2015

STAFF ACKNOWLEDGMENT

The Staff Report for the Application of Midvale Telephone Company, Inc. (Docket No. T-20741A-15-0136) to extend its Certificate of Convenience and Necessity ("CC&N") to serve an additional area in Yavapai County was the responsibility of the Staff member listed below.



Lori Morrison
Utilities Consultant

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I. INTRODUCTION

On April 24, 2015, Midvale Telephone Company, Inc. ("Midvale") filed an Application requesting the Arizona Corporation Commission ("Commission") approve an extension of its Certificate of Convenience and Necessity ("CC&N") service area to include an additional area in Yavapai County.

II. BACKGROUND

Midvale was granted a CC&N by the Commission in Decision No. 58048, dated October 29, 1992, to provide local exchange carrier services for its Cascabel Exchange. In Decision No. 58764, dated September 1, 1994, the Commission approved the sale and transfer of CenturyLink's Young Exchange from Qwest to Midvale. Subsequent decisions have further extended Midvale's CC&N service area to its current five exchanges: Cascabel, Young, Silver Bell, Granite Mountain and Mill Site. Midvale indicated to Staff that it was providing services to approximately 1,175 rural residential customers and 99 rural business customers as of June 30, 2015.¹

III. THE APPLICATION

A. *The Extended Territory*

Midvale's Application requests Commission authorization to provide facilities-based local exchange service and access toll service to Waste Management of Arizona ("Waste Management"), in an unserved area in Yavapai County, Arizona. Midvale proposes to provide service to Waste Management from its Mill Site Exchange. In addition to the private land owned by Waste Management, Midvale also proposes to include Forest Service land in this Application solely so that the extension area includes full sections, in keeping with Midvale's current CC&N territory (the "Extended Territory").

B. *Construction and Facilities*

In order to serve the Waste Management site, Midvale will extend a fiber optic cable provided from Midvale's existing Mill Site exchange, the approximate distance from the Mill Site facilities to Waste Management's service address is 7.2 miles.² The cable will be laid in a joint trench with a power cable from Arizona Public Service. Waste Management will incur the cost of the joint trench while Midvale will incur the cost of the fiber optic cable.

Currently, Waste Management, as the Project Owner, is soliciting bids from contractors for this joint use trench project and anticipates awarding the bid by October 7, 2015 and construction to commence by November 1, 2015. Waste Management has obtained all the required clearances from Arizona Department of Transportation and the Prescott National Forest. The contractor will place the duct and pull boxes for fiber optic cable per Midvale's specifications. Waste Management

¹ Midvale's response to Staff Data Request ("SDR") STF 1.1.

² Midvale's response to SDR STF 1.3.

expects the project to be complete in 2016. When the project is complete and all duct is placed, Midvale's crew will install the fiber optic cable in the duct, and perform all the necessary work to provision service over the fiber. Midvale estimates this work will take less than a month to complete.³

In order to provide telecommunications services to Waste Management from Midvale's Mill Site exchange switch and central office, Midvale states no additional facilities would be required and that it has sufficient switching capacity and the fiber electronics to extend service to this area.⁴ In addition, Midvale states its plant maintenance and customer service will not be impacted by this project.⁵

C. Customers

There are no current Midvale customers within the extension area. There is one prospective business customer, Waste Management. Midvale anticipates that Waste Management will be the only customer in the extension area. Thus, the projected number of customers in the extension area for each of the first five years is one.

D. Services, Rates and Charges

The Extended Territory will become a part of Midvale's Mill Site Exchange and as such, Midvale is proposing to apply the basic rates in the Mill Site Exchange to Waste Management. Midvale's tariffed rate for basic business local exchange service is \$30.00.⁶ Midvale also offers a variety of vertical services such as caller identification, call forwarding, call waiting, 3-way calling, etc. Midvale's tariff provides for discounts of 15 to 25 percent for packages of these features.

Midvale customers within its Mill Site Exchange also have the advantage of extended area service ("EAS") calling for the entirety of the Prescott local calling area.⁷ is inclusive of CenturyLink's Chino Valley, Prescott, and Humboldt exchanges.

Midvale maintains an 800 number for all its customers for customer service related issues. This line is attended to by Midvale five days a week, eight hours a day. Midvale also provides its customers with 24/7 emergency and service outage reporting, with employees on standby to correct problems.

³ Midvale's response to SDR STF 1.5.

⁴ Midvale's response to SDR STF 1.10.

⁵ Midvale's response to SDR STF 1.11.

⁶ Midvale Telephone Company, Arizona Corporation Commission Tariff No. 2, Page 25, Section III, A.1.

⁷ Per CenturyLink's Exchange and Network Services Price Cap Tariff, Section 5.1.1, Page 3, List of Exchange Areas and Local Calling Areas.

E. Complaints and Compliance

The Corporations Division reported on July 15, 2015, that Midvale is in good standing. According to the Utilities Division, Consumer Services Section, from January 1, 2012 to July 15, 2015, one complaint in 2012 regarding Midvale was received and has been resolved and closed. The Utilities Division Compliance Section stated that Midvale is in compliance.

III. STAFF RECOMMENDATIONS

Staff recommends that the Commission find that approval of the Application to amend Midvale's CC&N is in the public interest. Staff also recommends that the Commission authorize Midvale to utilize its Millsite Exchange rates, charges, and other terms and conditions in the Extended Territory. Staff further recommends that Midvale's Extended Territory Application be approved subject to the following conditions that:

1. Midvale be required to update its service area maps on file with the Commission within sixty (60) days of a Decision granting the Application, and
2. Midvale be authorized to include the Extended Territory as part of its Mill Site Exchange and that it apply its currently authorized tariffed rates and charges for the Millsite Exchange to the Extended Territory until further Order by the Commission.